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00-0336-86

MEMORANDUM FOR: Comptroller

VIA: Deputy Director for Administration

FROM:
Director of Communications

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SUBJECT: Update on National Communications System Actions
and National Security Decision Directive 201

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The following is a summary of recent events occurring at the National Communications System (NCS) stemming from the issuance of National Security Decision Directive 201 (NSDD-201). The intent is to keep all parties aware of the issues and, when/if appropriate, seek guidance on how to proceed.

a. The Department of Defense (DoD) is the Executive Agent for the NCS and presently funds for the activities of that body.

b. NSDD-201, issued December 1985, directs that funding for technical initiatives undertaken by the NCS will be shared among the member agencies commencing in FY88. It further directs that a National Level Program (NLP) and member cost allocations will be provided to the NSDD-97 Steering Group by 1 June of each year.

c. The proposed NLP and cost allocation method selected by the Office of the Manager, NCS (OMNCS), has stimulated much controversy within the member agencies. Several task forces have been formed to examine particular aspects of these issues. The actions of these task forces will be provided as soon as the results are known. Suffice to say that the legality and budgetary impact of these mandates are being explored.

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d. The Office of Communications (OC) has expressed concern to the OMNCS both verbally and in writing. We are actively participating in the ongoing review processes. We have also discussed these issues with the Office of General Counsel and have asked for advice regarding the legality of NSDD-201 versus our statutory mission responsibilities.

e. The present method selected to derive cost allocations did not result in an equitable distribution among the NCS members. OC and the Office of Information Technology are presently reviewing the data which was utilized by the OMNCS in determining our allocation. The quantity of data--and hence, our initial share of the allocation--may be reduced. We are participating with other member agencies in an effort to develop a more equitable formula.

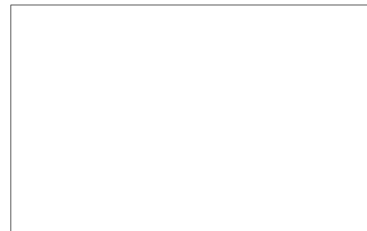
f. We are convinced that shared member funding is unworkable and will place undue demands upon already strained agency budgets unless the Office of Management and Budget can provide guidance and assistance. It is clear that future allocations will be significant if shared member funding is to be retained for NCS activities.

g. We have also been advised that NSDD-201 will be used as a model for another NSDD relating to costs associated with . It would appear that a trend is developing which may require attention from senior Agency management.

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cc: D/OIT



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